



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

June 26, 2006

TO: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **DIDI HIRSCH PSYCHIATRIC SERVICE CONTRACT COMPLIANCE
REVIEW**

We have completed a contract compliance review of Didi Hirsch Psychiatric Service (Didi Hirsch or Agency), a Department of Mental Health Services (DMH) service provider. The Auditor-Controller's Countywide Contract Monitoring Division conducted this review.

Background

DMH contracts with Didi Hirsch, a private, non-profit, community-based organization, which provides services to clients in Service Planning Areas 4, 5, 6, and 8. Services include interviewing program participants, assessing their mental health needs, and developing and implementing a treatment plan.

Because the State reviewed EPSDT services, our review focused on approved Medi-Cal billings where at least 35% of the total service cost was paid using County General Funds. At Didi Hirsch, these services include Targeted Case Management Services, Mental Health Services, Medication Support Services, Crisis Intervention, and Adult Crisis Residential Services. Didi Hirsch's headquarters is located in the Third District.

For our review period, DMH paid Didi Hirsch between \$1.64 and \$3.93 per minute of staff time (\$98.40 to \$235.80 per hour). For Fiscal Year 2005-06, DMH contracted with Didi Hirsch to provide approximately \$16.1 million in services overall.

Purpose/Methodology

The purpose of the review was to determine whether Didi Hirsch provided the services outlined in their contract with the County. We also evaluated whether the Agency achieved planned service levels. Our monitoring visit included a review of a sample of Didi Hirsch's billings, participant charts, and personnel and payroll records. We also interviewed staff from Didi Hirsch and a sample of the participants' parents and guardians.

Results of Review

Overall, Didi Hirsch provided the services outlined in the County contract. The Agency used qualified staff to perform the services billed and with few exceptions maintained documentation to support the billings. The participants interviewed stated that the services they received met their expectations.

Didi Hirsch did not maintain documentation to support that at least two staff were on duty at all times in each Adult Crisis Residential facility, as required by the County contract. Didi Hirsch also did not maintain effective controls to detect billing discrepancies or requested approval from DMH when significant deviations occurred within specific service categories.

We have attached the details of our review, along with recommendations for corrective action.

Review of Report

We discussed the results of our review with Didi Hirsch on April 20, 2006 and again on June 14, 2006. In their attached response, Didi Hirsch indicated that they maintained controls to detect billing discrepancies. However, as evidenced by the duplicate billings identified in our report, Didi Hirsch needs to enhance those controls to detect future billing discrepancies.

Didi Hirsch also disagreed with the need to obtain DMH's approval prior to significantly deviating for providing the types of services contained in their County contract. However, the County contract requires the Agency to obtain written authorization from DMH prior to significantly deviating from providing the services within each service category.

Board of Supervisors
June 26, 2006
Page 3

We thank Didi Hirsch management for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC
Attachment

c: David E. Janssen, Chief Administrative Officer
Dr. Marvin J. Southard, Director, Department of Mental Health
Kita S. Curry, President and CEO, Didi Hirsch Psychiatric Service
Public Information Office
Audit Committee

**COUNTYWIDE CONTRACT MONITORING REVIEW
FISCAL YEAR 2005-2006
DIDI HIRSCH PSYCHIATRIC SERVICE**

BILLED SERVICES

Objective

Determine whether Didi Hirsch Psychiatric Service (Didi Hirsch or Agency) provided the services billed in accordance with their contract with Department of Mental Health (DMH).

Verification

We judgmentally selected 7,590 minutes from 226,696 service minutes and all 38 service days of approved Medi-Cal billings to DMH where at least 35% of the total service cost was paid using County General Funds. For the selected billings, we reviewed the Progress Notes and Client Care Plans maintained in the clients' charts. The 7,590 minutes represent services provided to 57 program participants. We also reconciled an additional 1,614 minutes to the clients' charts. The minutes related to multiple billings for the same client for the same services on the same day.

Although we started our review in January 2006, the most current billing information available from DMH's billing system was July and August 2005.

Results

For the billings selected, Didi Hirsch provided program services. In addition, approximately 6,800 (90%) of the minutes sampled were appropriately documented. For the remaining 10%, the contractor did not comply with the County contract provision for the following:

- The Agency billed 453 minutes in which more than one staff was present during an intervention but the Progress Notes did not describe the specific contribution of each staff person.
- The Agency billed 397 minutes for Mental Health Services where the Progress Notes did not describe what the client or service staff attempted and/or accomplished towards the client's goal(s).
- The Agency billed 120 minutes for Crisis Intervention Services where the Progress Notes did not describe why the condition required a more timely response.

- We were unable to determine whether the client was present at the facility for two service days billed because the Contractor maintained a Progress Note in the chart that matched the Adult Crisis Residential Services billing but the contractor's internal client census log did not indicate that client was present.

The total number of insufficiently documented minutes cited above exceeded the number of insufficiently documented minutes reviewed because some of the Progress Notes contained more than one deficiency.

In addition, the Agency did not maintain effective controls to detect billing discrepancies. For example, Didi Hirsch did not detect 368 minutes in which DMH processed the same minutes twice.

Assessments and Client Care Plans

Didi Hirsch completed Assessments for each 52 outpatient clients sampled. However, for three of five Assessments for Adult Crisis Residential clients, Didi Hirsch did not complete the Assessment upon admission, as required by the County contract. Specifically, the Agency did not complete an Assessment for one client, and completed the Assessments an average of 10 days after admission for the two additional clients. An Assessment is a diagnostic tool used to document the clinical evaluation of each client and establish the client's mental health treatment needs.

In addition, six (10%) of 57 charts reviewed did not contain a Client Care Plan for each type of treatment billed. A Client Care Plan identifies the type of treatment the contractor will provide the client to address the issues identified in the Assessment.

Recommendations

Didi Hirsch management:

1. **Delete the 368 minutes from DMH's billing system.**
2. **Enhance controls to detect and correct billing errors.**
3. **Maintain sufficient documentation in the clients' charts or other appropriate locations to support the services billed to DMH.**
4. **Ensure that Assessments are completed timely.**
5. **Ensure that a Client Care Plan is developed for each service provided.**

CLIENT VERIFICATION**Objectives**

Determine whether the program participants actually received the services that Didi Hirsch billed DMH.

Verification

We interviewed four participants to confirm that the participants were clients of Didi Hirsch and that they received the services that the Agency billed DMH.

Results

The four program participants interviewed stated that they received services from the contractor and the services met their expectations.

Recommendation

There are no recommendations for this section.

STAFFING LEVELS**Objective**

Determine whether the Agency maintained the appropriate staff to client ratio at each Adult Crisis Residential facility. In addition, determine whether each facility has at least two staff present at all times.

Verification

We selected four days that Didi Hirsch billed for its Adult Crisis Residential facility and five days that it billed for its Jump Street Adult Crisis Residential facility and reviewed the staff schedules and client census reports for July and August 2005. We also reviewed staff timecards.

Results

For all nine days tested, the Agency maintained the required staff to client ratio in each Adult Crisis Residential facility. However, Didi Hirsch did not maintain documentation to support that at least two staff were on duty at all times in each Adult Crisis Residential facility. The documentation that Didi Hirsch provided did not agree with the information reported on the staff timesheets and the timesheets did not identify the facility that staff worked.

Recommendation

6. Didi Hirsch management ensure that it maintains documentation that supports its compliance with minimum staffing requirements in its Adult Crisis Residential facilities.

STAFFING QUALIFICATIONS**Objective**

Determine whether Didi Hirsch's treatment staff possessed the required qualifications to provide the services.

Verification

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for 50 of 220 Didi Hirsch treatment staff for documentation to confirm their qualifications.

Results

Each employee in our sample possessed the qualifications required to deliver the services billed.

Recommendation

There are no recommendations for this section.

SERVICE LEVELS**Objective**

Determine whether Didi Hirsch's reported service levels varied significantly from the service levels identified in the DMH contract.

Verification

We obtained the Fiscal Year 2004-05 Cost Report submitted to DMH by Didi Hirsch and compared the dollar amount and billed units of service to the contracted units of service identified in the contract for the same period.

Results

Didi Hirsch operated within its contracted amount of \$16.1 million overall. However, within specific service categories the contractor provided 617,000 (66%) less TCMS

units than contracted and provided 616,000 (13%) more MHS units than contracted without prior written authorization from DMH, as required by the contract.

Recommendation

7. **Didi Hirsch management obtain written authorization from DMH prior to deviating from contracted service levels.**



SUPPORTED BY

United Way
Los Angeles County Departments of:
Children and Family Services
Health Services
Mental Health
California Dept. of Rehabilitation
United Hostesses' Charities

OFFICERS OF THE BOARD

Cheri Rentine Yousem
Chair
Andrew E. Rubin
Executive Vice Chair
Stanley D. Lulewer
Vice Chair
Lee Leibman
Vice Chair
Beatrice S. Stern
Vice Chair
Sharon M. Kopman
Treasurer
Martin J. Frank
Secretary
Michael Wierwille
Immediate Past Chair

BOARD OF DIRECTORS

Rudolph I. Estrada
Charlotte W. Fletcher, Ph.D.
Nathaniel Jackson, Ph.D.
Vera M. Jashtni, Ed.D.
Jeffrey Kiteisan, C.I.D.
Howard M. Loeb
Laura Ornest

EXECUTIVE STAFF

Kita S. Curry, Ph.D.
President/CEO
Patricia Costales, I., C.S.W.
Vice President, Clinical Operations
John P. McGinn
Vice President, Finance & Administration
Cynthia Bryan, S.P.H.R.
Human Resources Director
Lorraine Lyuu
Development Director
Duane E. McWane, M.D.
Medical Director

SERVICE • TRAINING • RESEARCH

June 19, 2006

J. Tyler McCauley, Auditor-Controller
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 525
Los Angeles, CA 90012-2766

RE: Agency Response to Auditor-Controller Report on Compliance Review

Dear Mr. McCauley:

Thank you for the professionalism and responsiveness with which your staff conducted the audit. We are pleased that your audit confirmed that we provided the services outlined in the contract, met clients' expectations, employed qualified staff and, with few exceptions, maintained appropriate documentation. Although we disagree with some of your findings, your staff's observations have provided us with information we will use to further enhance our procedures and training. Our responses to specific recommendations follow below:

Billing Discrepancies (Recommendations 1 and 2):

- First, we want to emphasize that we did have controls in place to detect discrepancies in billing, which we have continued to enhance.
- Second, as noted by the auditors, the duplicate billings they discovered were generated by the Department of Mental Health (DMH), *not* by Didi Hirsch. Since DMH's actions created these duplicate billings, and the actions probably impacted many providers, we believe that DMH should be advised to develop better ways of detecting and preventing such mistakes.
- Third, although we had not detected this particular problem generated by DMH (and believe it is unreasonable to hold us accountable for DMH's IS system and the practices of its staff), prior to the audit and ongoing, Didi Hirsch has detected several billing problems within DMH's system which it has shared with DMH.

Documentation of Billed Services (Recommendations 3, 4 and 5):

Recommendation 3:

Based on the auditors' recommendations, we have taken action to improve our documentation of: a) each person's contribution when more than one staff member provides services to a client and b) the link between services provided to the goals on Client Care Plans. The Agency's Quality Assurance Department has addressed these issues in writing and in a mandatory training. Our QA Department also revised its internal audit tools to promote continued adherence to these standards.

The auditors stated that they could not be sure a client was present on two days at our Crisis Residential program because the client log omitted the client. This clearly was

a clerical error; on each day our billing matched the progress notes which described the services offered to the client. Furthermore, there is no written requirement that we keep such a log to verify billing. Nonetheless, we agree that the logs should be as accurate as possible. Since clients may enter Crisis Residential treatment at any time during the day, staff now verifies the accuracy of each log the following day.

Recommendations 4 and 5:

The auditors found that 3 out of 57 charts did not include, or were late, in developing client Assessments, and 6 out of 57 charts did not include a Client Care Plan for each type of service offered. As noted above, staff throughout the agency has been provided with written instructions and training to rectify this. In addition, the Quality Assurance Department will conduct intensive quarterly audits at sites providing Crisis Residential treatment since the timelines for completing Assessments and Client Care Plans are more stringent in that program.

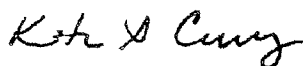
Staffing Levels (Recommendation 6):

The report states that we did not maintain documentation to support that at least two staff were on duty at all times at our Crisis Residential programs. The calendar that the auditor described as differing from our electronic time cards was not created for this purpose, whereas the electronic time cards we provided did verify our compliance. We acknowledge, however, that it was very difficult for the auditors to analyze the time cards—given the number of employees, multiple shifts and staff shared by the programs. Based on the auditor's experience, we have developed simpler and better procedures for verifying that the appropriate number and ratio of staff are always present.

Service Levels (Recommendation 7):

Your report states that Didi Hirsch should obtain written authorization from DMH prior to deviating from contracted service levels. We object to the implication and the details of this finding. 1) Didi Hirsch's overall level of service came within 99% of our contract, which is not a significant deviation. 2) By precedent and practice, DMH never has required contractors to ask for permission related to variations *within* the types of service. Moreover, on average, the deviations noted represent 3 minutes less per week of TCMS per client and 3 minutes more per week of MHS per client, which we do not consider significant. We are very willing to comply with new interpretations of the contract once they are clearly conveyed, but it is unfair and misleading to fault us retroactively.

Sincerely,



Kita S. Curry, Ph.D.
President/CEO

c: Donald Chadwick, CPA; Gregory Hellmold, CPA (Auditor Controller)
Patricia Costales, LCSW; John McGann; Mike Tredinnick, Ph.D. (DHCMHC)